

CITY OF BLOOMFIELD, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2015)		
Chris Miller	Mayor	January 2019
Jerry Kincart	Mayor Pro Tem	January 2016
Jerry Kincart	Council Member	January 2016
Jack Woolard	Council Member	January 2016
Earl Howard	Council Member	January 2016
Jason Skaggs	Council Member	January 2019
John Hilbert	Council Member	January 2019
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2015
(After January 2015)		
Chris Miller	Mayor	January 2019
Earl Howard	Mayor Pro Tem	January 2016
Jeff Anderson	Council Member	January 2016
Jack Woolard	Council Member	January 2016
Earl Howard	Council Member	January 2016
Jason Skaggs	Council Member	January 2019
John Hibbert	Council Member	January 2016
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2016



ANDERSON, LARKIN & CO. P.C.  
Certified Public Accountants  
*"Achieving your goals with our knowledge."*

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Bradley T. Barnes, CPA

## INDEPENDENT AUDITOR'S REPORT

To the City Council of  
City of Bloomfield, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bloomfield, Iowa's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

### Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Bloomfield, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Supplementary Information and Required Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The required supplementary information, the City's Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 4 through 8 and 23 through 28, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bloomfield, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

*Anderson, Larkin & Co P.C.*

Ottumwa, Iowa  
January 11, 2016

# **CITY OF BLOOMFIELD, IOWA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015**

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

## **2015 FINANCIAL HIGHLIGHTS**

- Receipts from the City's governmental activities decreased 49% or \$2,567,814 from fiscal year 2014 to fiscal 2015.
- Disbursements of the City's governmental activities increased 40% or \$1,361,930 from fiscal 2014 to fiscal 2015. Capital projects disbursements increased \$1,412,205.
- The City's total cash basis net position decreased 18% or \$1,314,765 from June 30, 2014 to June 30, 2015. Of this amount, the cash basis net position of the governmental activities decreased \$1,557,950 and the cash basis net position of the business type activities increased by \$243,185. This increase is due primarily to an increase in debt proceeds.

## **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

## **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information that helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has three kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Employee Benefits and Other TIF, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for other which can not be used to support the City's own programs. These fiduciary funds include Trust funds that account for Drug Awareness Resistance Education and Library Memorial to name a few.

The required financial statement for fiduciary funds is a Statement of Changes in Cash Balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$3,497,562 to \$1,939,612. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

### Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 430,303	\$ 410,171
Operating grants, contributions and restricted interest	387,337	396,130
Capital grants, contributions and restricted interest	287,957	625,795
General receipts:		
Property tax	838,158	845,602
Tax increment financing	477,372	389,312
Local option sales tax	257,164	232,267
Debt proceeds	-	2,345,000
Other general receipts	9,388	11,216
Total receipts	<u>2,687,679</u>	<u>5,255,493</u>
Disbursements:		
Public safety	799,090	848,623
Public works	671,399	872,497
Culture and recreation	380,295	356,192
Community and economic development	231,934	294,830
General government	140,723	141,254
Debt service	239,680	-
Capital projects	<u>2,333,187</u>	<u>920,982</u>
Total disbursements	<u>4,796,308</u>	<u>3,434,378</u>
Change in cash basis net position before transfers	(2,108,629)	1,821,115
Transfers net	<u>550,679</u>	<u>875,313</u>
Change in cash basis net position	(1,557,950)	2,696,428
Cash basis net position beginning of year	<u>3,497,562</u>	<u>801,134</u>
Cash basis net position end of year	\$ <u>1,939,612</u>	\$ <u>3,497,562</u>

The City's total receipts for governmental activities decreased 49% or \$2,567,814. The decrease in receipts was primarily the result of no debt proceeds received by the City during the current year. (Prior year debt proceeds were \$2,345,000).

The total cost (disbursements) of all programs and services increased by \$1,361,930 or 40%. The increase in disbursements was primarily the result of more expenditures for capital projects during the current year.



### Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 932,604	\$ 873,369
Sewer	555,583	573,259
Electric	3,284,294	3,426,176
Gas	1,036,533	1,158,128
Capital grants, contributions, and restricted interest	500,000	-
General receipts:		
Unrestricted interest on investments	13,368	16,643
Note proceeds	1,500,000	-
Other general receipts	85,310	47,671
Total receipts	<u>7,907,692</u>	<u>6,095,246</u>
Disbursements:		
Water	2,639,258	626,983
Sewer	452,123	507,478
Electric	2,848,581	2,931,680
Gas	1,173,866	1,060,396
Total disbursements	<u>7,113,828</u>	<u>5,126,537</u>
Change in cash basis net position before transfers	793,864	968,709
Transfers, net	<u>(550,679)</u>	<u>(875,313)</u>
Change in cash basis net position	243,185	93,396
Cash basis net position beginning of year	<u>3,928,105</u>	<u>3,834,709</u>
Cash basis net position end of year	\$ <u>4,171,290</u>	\$ <u>3,928,105</u>

Total business type activities receipts for the fiscal year increased \$1,812,446 or 30%. The increase in receipts was primarily the result of receipt of a grant and note proceeds in the water fund.

Total business type activities disbursements increased \$1,987,291 or 39% from the prior year. This resulted primarily from an increase in disbursements by the Water Fund.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$1,939,612, a decrease of 45% from last year's total of \$3,497,562. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$139,180 from the prior year to \$380,847 due to an increase in transfers in during the current year (prior year increase was \$76,544).
- The Other TIF Fund cash balance increased \$12,162 from the prior year primarily due to an increase in revenues in the current year.
- The Employee Benefits Fund cash balance increased \$8,783 from the prior year to \$276,900 due to an increase in expenditures in the current year (prior year increase was \$12,619).
- The Friends of the Bloomfield Library Fund cash balance increased \$6,388 from the prior year to \$206,589 due to a decrease in receipts compared to the prior year (prior year increase was \$15,174).
- The Water and Sewer CDBG Fund cash balance remained the same due to no activity during the current year.
- The East Franklin Fund cash balance decreased \$1,834,210 from the prior year to \$407,295 due to increased capital projects expenditures.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$909,475 to \$1,222,581 due to receipt of a grant and note proceeds.
- The Sewer Fund cash balance increased \$172,429 to \$491,545 due primarily to a decrease in transfers out.
- The Electric Fund cash balance decreased \$669,991 to \$1,424,088 due to an increase in transfers out.
- The Gas Fund cash balance decreased \$168,728 to \$1,033,076 due to an increase in operating disbursements.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2015, the City amended its budget once resulting in an increase in budgeted income of \$5,041,700, and expenditures of \$3,794,921. Actual receipts were \$4,046,265 less than the amounts budgeted including charges for service by \$2,056,562. Actual expenditures were \$3,052,849 less than the amounts budgeted including business type activities by \$2,878,430.

## DEBT ADMINISTRATION

At June 30, 2015, the City had \$3,924,375 of notes and other long-term debt outstanding, compared to \$2,714,914 last year as shown below.

	<u>Outstanding Debt at Year End</u>	
	<u>2015</u>	<u>June 30, 2014</u>
General obligation capital loan notes series 2014A	\$ 2,140,000	\$ 2,345,000
Urban renewal tax increment financing revenue notes	287,824	369,914
Revenue notes	<u>1,496,551</u>	<u>-</u>
	\$ <u>3,924,375</u>	\$ <u>2,714,914</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation of \$2,427,824 is below its constitutional debt limit of \$2,870,085. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the county now stands at 3.8% (June 2015) versus 5.0% a year ago. This compares with the State's unemployment rate of 3.6% and the national rate of 5.3%.

Inflation in the Midwest is lower than the national Consumer Price Index. The Midwest had a CPI decrease of 1.860% for fiscal year 2015 compared with the national increase of .293%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for expenditure in FY 2016 are expected to decrease \$2,497,974 compared to the final FY 2015 budget. Expenditures in the FY 2016 budget are expected to decrease \$606,371 compared to the final FY 2015 budget. As a result of the above receipts and expenditures, the ending cash balance is expected to decrease \$363,078 by the end of FY 2016.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

## BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 799,090	\$ 51,195	\$ 25,688	\$ -
Public works	671,399	195,112	274,518	-
Culture and recreation	380,295	111,766	34,928	-
Community and economic development	231,934	2,240	52,203	287,957
General government	140,723	69,990	-	-
Debt Service	239,680	-	-	-
Capital projects	2,333,187	-	-	-
Total governmental activities	4,796,308	430,303	387,337	287,957
Business type activities:				
Water	2,639,258	932,604	-	500,000
Sewer	452,123	555,583	-	-
Electric	2,848,581	3,284,294	-	-
Gas	1,173,866	1,036,533	-	-
Total business type activities	7,113,828	5,809,014	-	500,000
Total	\$ 11,910,136	\$ 6,239,317	\$ 387,337	\$ 787,957

General receipts and transfers:

Property and other city tax levied for:  
    General purposes  
Tax increment financing  
Local option sales tax  
Grants and contributions not restricted  
    to specific purposes  
Debt proceeds  
Unrestricted interest on investments  
Sale of assets  
Miscellaneous  
Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:

Nonexpendable - Cemetery perpetual care

Expendable:

Streets

Debt Service

Urban renewal purposes

Other purposes

Unrestricted

Total cash basis net position

See Notes to Financial Statements

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Changes in Cash Basis Net Position

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Governmental Activities	Business Type Activities	Total
\$ (722,207)	\$	\$ (722,207)
(201,769)		(201,769)
(233,601)		(233,601)
110,466		110,466
(70,733)		(70,733)
(239,680)		(239,680)
<u>(2,333,187)</u>	<u>-</u>	<u>(2,333,187)</u>
<u>(3,690,711)</u>	<u></u>	<u>(3,690,711)</u>
	(1,206,654)	(1,206,654)
	103,460	103,460
	435,713	435,713
	<u>(137,333)</u>	<u>(137,333)</u>
<u>-</u>	<u>(804,814)</u>	<u>(804,814)</u>
<u>(3,690,711)</u>	<u>(804,814)</u>	<u>(4,495,525)</u>
838,158		838,158
477,372		477,372
257,164		257,164
	1,361	1,361
	1,500,000	1,500,000
1,586	13,368	14,954
703		703
7,099	83,949	91,048
<u>550,679</u>	<u>(550,679)</u>	<u>-</u>
<u>2,132,761</u>	<u>1,047,999</u>	<u>3,180,760</u>
(1,557,950)	243,185	(1,314,765)
<u>3,497,562</u>	<u>3,928,105</u>	<u>7,425,667</u>
\$ <u>1,939,612</u>	\$ <u>4,171,290</u>	\$ <u>6,110,902</u>
\$ 125,057	\$	\$ 125,057
464,858		464,858
13,455		13,455
55,915		55,915
899,480		899,480
<u>380,847</u>	<u>4,171,290</u>	<u>4,552,137</u>
\$ <u>1,939,612</u>	\$ <u>4,171,290</u>	\$ <u>6,110,902</u>

## CITY OF BLOOMFIELD, IOWA

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue				Capital Projects			
	General	Other TIF	Employee Benefits	Friends of the Bloomfield Library	Water & Sewer CDBG	East Franklin	Nonmajor	Total
<b>RECEIPTS:</b>								
Property tax	\$ 502,318	\$ -	\$ 335,839	\$ -	\$ -	\$ -	\$ -	\$ 838,158
Tax increment financing	-	477,372	-	-	-	-	-	477,372
Other City tax	-	-	-	-	-	-	308,554	308,554
Licenses and permits	38,992	-	-	-	-	-	-	38,992
Use of money and property	7,947	-	-	2,108	-	-	838	10,893
Intergovernmental	45,442	-	-	-	-	-	562,471	607,913
Charges for service	291,699	-	-	-	-	-	-	291,699
Miscellaneous	103,320	-	-	7,765	-	-	2,310	113,395
Total receipts	989,719	477,372	335,839	9,873	-	-	874,173	2,686,976
<b>DISBURSEMENTS:</b>								
Operating:								
Public safety	579,588	-	219,502	-	-	-	-	799,090
Public works	401,220	-	42,709	-	-	-	227,470	671,399
Culture and recreation	324,798	-	43,852	3,485	-	-	8,160	380,295
Community and economic development	55,700	145,210	-	-	-	-	31,024	231,934
General government	119,730	-	20,993	-	-	-	-	140,723
Debt Service	-	-	-	-	-	-	239,680	239,680
Capital projects	-	-	-	-	-	1,834,210	498,977	2,333,187
Total disbursements	1,481,036	145,210	327,056	3,485	-	1,834,210	1,005,311	4,796,308
Excess (deficiency) of receipts over (under) disbursements	(491,317)	332,162	8,783	6,388	-	(1,834,210)	(131,138)	(2,108,332)
Other financing sources (uses):								
Sale of capital assets	703	-	-	-	-	-	-	703
Transfers in	658,794	-	-	-	-	-	514,920	1,173,714
Transfers out	(29,000)	(320,000)	-	-	-	-	(274,035)	(623,035)
Total other financing sources (uses)	630,497	(320,000)	-	-	-	-	240,885	551,382
Change in cash balances	139,180	12,162	8,783	6,388	-	(1,834,210)	109,747	(1,557,950)
<b>CASH BALANCES - Beginning of year</b>	<b>241,667</b>	<b>43,509</b>	<b>268,117</b>	<b>200,201</b>	<b>176,484</b>	<b>2,241,505</b>	<b>326,079</b>	<b>3,497,562</b>
<b>CASH BALANCES - End of year</b>	<b>\$ 380,847</b>	<b>\$ 55,671</b>	<b>\$ 276,900</b>	<b>\$ 206,589</b>	<b>\$ 176,484</b>	<b>\$ 407,295</b>	<b>\$ 435,826</b>	<b>\$ 1,939,612</b>
<b>Cash Basis Fund Balances</b>								
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,057	\$ 125,057
Restricted for:								
Debt Service	-	-	-	-	-	-	13,455	13,455
Urban renewal purposes	-	55,671	-	-	-	-	244	55,915
Streets	-	-	-	-	-	407,295	57,563	464,858
Other purposes	-	-	276,900	206,589	176,484	-	239,507	899,480
Unassigned	380,847	-	-	-	-	-	-	380,847
Total cash basis fund balances	\$ 380,847	\$ 55,671	\$ 276,900	\$ 206,589	\$ 176,484	\$ 407,295	\$ 435,826	\$ 1,939,612

## CITY OF BLOOMFIELD, IOWA

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES**  
**PROPRIETARY FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ <u>932,604</u>	\$ <u>555,583</u>	\$ <u>3,284,294</u>	\$ <u>1,036,533</u>	\$ <u>5,809,014</u>
<u>Operating disbursements:</u>					
Business type activities	<u>2,639,258</u>	<u>452,123</u>	<u>2,848,581</u>	<u>1,173,866</u>	<u>7,113,828</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(1,706,654)</u>	<u>103,460</u>	<u>435,713</u>	<u>(137,333)</u>	<u>(1,304,814)</u>
<u>Non-operating receipts:</u>					
Intergovernmental	501,361	-	-	-	501,361
Interest on investments	2,230	3,187	4,695	3,256	13,368
Miscellaneous	23,984	15,782	28,834	15,349	83,949
Proceeds from debt	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total non-operating receipts	<u>2,027,575</u>	<u>18,969</u>	<u>33,529</u>	<u>18,605</u>	<u>2,098,678</u>
Excess (deficiency) of receipts over (under) disbursements	<u>320,921</u>	<u>122,429</u>	<u>469,242</u>	<u>(118,728)</u>	<u>793,864</u>
Transfers in	588,554	50,000	172,152	-	810,706
Transfers out	<u>-</u>	<u>-</u>	<u>(1,311,385)</u>	<u>(50,000)</u>	<u>(1,361,385)</u>
Change in cash balances	<u>909,475</u>	<u>172,429</u>	<u>(669,991)</u>	<u>(168,728)</u>	<u>243,185</u>
<u>CASH BALANCES - Beginning of year</u>	<u>313,106</u>	<u>319,116</u>	<u>2,094,079</u>	<u>1,201,804</u>	<u>3,928,105</u>
<u>CASH BALANCES - End of year</u>	\$ <u>1,222,581</u>	\$ <u>491,545</u>	\$ <u>1,424,088</u>	\$ <u>1,033,076</u>	\$ <u>4,171,290</u>
<u>Cash Basis Fund Balances</u>					
Unrestricted	\$ <u>1,222,581</u>	\$ <u>491,545</u>	\$ <u>1,424,088</u>	\$ <u>1,033,076</u>	\$ <u>4,171,290</u>

## CITY OF BLOOMFIELD, IOWA

**STATEMENT OF CHANGES IN CASH BALANCES**  
**FIDUCIARY FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Private Purpose Expendable Trusts				
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	Total
<b>Additions:</b>					
Use of money and property:					
Interest on investments	\$ -	\$ 3	\$ 3,353	\$ 53	\$ 3,409
Miscellaneous:					
Donations	-	56	2,669	-	2,725
Total additions	-	59	6,022	53	6,134
<b>Deductions:</b>					
Public safety	-	285	-	-	285
Culture and recreation	-	-	12,192	-	12,192
Total Disbursements	-	285	12,192	-	12,477
<b>Net change in cash balances</b>		(226)	(6,170)	53	(6,343)
<b>CASH BALANCES - Beginning of year</b>	47	(373)	506,602	12,078	518,354
<b>CASH BALANCES - End of year</b>	\$ 47	\$ (599)	\$ 500,432	\$ 12,131	\$ 512,011
<b>Cash Basis Fund Balances</b>					
Restricted for special purpose	\$ 47	\$ -	\$ 500,432	\$ 12,131	\$ 512,610
Unrestricted	-	(599)	-	-	(599)
Total cash basis fund balances	\$ 47	\$ (599)	\$ 500,432	\$ 12,131	\$ 512,011



CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

**B. Basis of Presentation**

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation (Continued)**

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent funds.

*Expendable restricted net position* results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue – The Other TIF fund is used to account for the receipt of tax increment financing collections. The Employee Benefits Fund is used to account for property taxes levied to pay for a portion of the City's employee benefits. The Friends of the Bloomfield Library fund is used to account for donations and expenses paid for the benefit of the Bloomfield Library.

Capital Projects – The Water and Sewer CDBG fund is used to account for capital projects financed in part with CDBG funds. The East Franklin Fund is used to account for the repair/maintenance of City streets.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation (Continued)**

The City also reports fiduciary funds which focus on changes on cash basis net position. The City's fiduciary funds include the following:

The Private Purpose Expendable Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

**C. Measurement Focus and Basis of Accounting**

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Governmental Cash Basis Fund Balances:**

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing notes and water revenue capital loan notes are as follows:

Year Ending	General Obligation Bonds		Urban Renewal Tax Increment Financing Revenue Notes		Water Revenue Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30,								
2016	\$ 205,000	\$ 34,743	\$ 287,824	\$ 17,269	\$ 21,029	\$ 40,891	\$ 513,853	\$ 92,903
2017	205,000	33,717	-	-	21,614	40,306	226,614	74,023
2018	205,000	32,078	-	-	22,216	39,704	227,216	71,782
2019	205,000	29,823	-	-	22,835	39,085	227,835	68,908
2020	210,000	27,054	-	-	23,471	38,449	233,471	65,503
2021 - 2025	1,110,000	75,160	-	-	127,530	182,070	1,237,530	257,230
2026 - 2030	-	-	-	-	146,306	163,294	146,306	163,294
2031 - 2035	-	-	-	-	167,845	141,755	167,845	141,755
2036 - 2040	-	-	-	-	192,555	117,045	192,555	117,045
2041 - 2045	-	-	-	-	220,903	88,697	220,903	88,697
2046 - 2050	-	-	-	-	253,425	56,175	253,425	56,175
2051 - 2055	-	-	-	-	276,822	27,618	276,822	27,618
Total	\$ 2,140,000	\$ 232,575	\$ 287,824	\$ 17,269	\$ 1,496,551	\$ 975,089	\$ 3,924,375	\$ 1,224,933

Urban Renewal Tax Increment Financing Revenue Notes – The City issued \$534,023 of urban renewal tax increment financing (TIF) revenue notes in April 2011 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Other TIF Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue notes shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The notes are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the notes is \$305,093, payable through April 2016. For the current year, interest paid and total TIF receipts were \$21,903 and \$477,372, respectively.

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,500,000 of water revenue capital loan notes issued in April 2015. Proceeds from the notes provided financing for the construction of water main extensions. The notes are payable solely from water customer net receipts and are payable through 2055. The total principal and interest remaining to be paid on the notes is \$2,471,640. For the current year, principal and interest paid was \$10,320.

NOTE 4: PENSION PLAN

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 4: PENSION PLAN (Continued)**

**Plan Description – (Continued)**

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits** – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of the date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions** – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for the total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$110,861.

**Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$457,652. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was .0115306 percent, which was a decrease of .001322 from its proportion measured as of June 30, 2013.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 4: PENSION PLAN (Continued)

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$49,854, \$153,257 and \$269,190.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23 %	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100</u> %	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 4: PENSION PLAN (Continued)**

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City's proportionate share of the net pension liability:	\$ 1,056,028	\$ 457,652	\$ (47,243)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 28 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a full-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$457 for single coverage and \$1,167 for family coverage. For the year ended June 30, 2015, the City contributed \$250,773 and plan members eligible for benefits contributed \$39,987 to the plan.

**NOTE 6: COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation, compensatory time, casual hours and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time, sick leave, and casual leave payments payable to employees at June 30, 2015, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 49,145
Compensatory time	10,081
Sick leave	96,028
Casual leave	<u>7,816</u>
Total	\$ <u>163,070</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2015.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Hotel/Motel Tax	\$ 20,900
	Other TIF	9,294
	Enterprise:	
	Electric	578,600
	Gas	50,000
		<u>658,794</u>
Capital Projects:	Enterprise:	
Sidewalk/Streetscape	Electric	<u>217,335</u>
Capital Projects:	Enterprise:	
Spec Building	Electric	<u>15,450</u>
Enterprise:	Enterprise:	
Water	Electric	500,000
	Special Revenue:	
	Other TIF	<u>88,554</u>
		<u>588,554</u>
Enterprise:	Special Revenue:	
Sewer	Other TIF	<u>50,000</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	205,000
	Road Use Tax	<u>48,135</u>
		<u>253,135</u>
Enterprise:	Special Revenue:	
Electric	Other TIF	<u>172,152</u>
Capital Projects:		
Airport 2014	General	<u>29,000</u>
		\$ <u>1,984,420</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEFICIT BALANCE

This fund had a deficit balances at June 30, 2015. This deficit will be eliminated with future program receipts.

- Drug Awareness Resistance Education \$ 599



CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partially self-funded health plan. Under the self-funded plan, the City will reimburse eligible employee's for a portion of their deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000

  

	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$141,000. As of June 30, 2015 there is a remaining maximum liability commitment of \$98,725.

NOTE 11: CONSTRUCTION COMMITMENTS

Prior to June 30, 2015, the City had signed two construction contracts that are summarized below:

Total commitments	\$	2,554,444
Less amounts paid		<u>1,723,439</u>
Remaining commitments	\$	<u>831,005</u>

These commitments are for water and airport projects. The remaining balance at June 30, 2015 will be paid as work on the projects progress.

NOTE 12: SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 11, 2016 the date statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA  
BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted
<u>RECEIPTS:</u>			
Property tax	\$ 838,158	\$ -	\$ -
Tax increment financing	477,372	-	-
Other City tax	308,554	-	-
License and permits	38,992	-	-
Use of money and property	10,893	13,368	2,108
Intergovernmental	607,913	501,361	-
Charges for service	291,699	5,809,014	-
Miscellaneous	113,395	83,949	7,835
Total receipts	<u>2,686,976</u>	<u>6,407,692</u>	<u>9,943</u>
<u>DISBURSEMENTS:</u>			
Public safety	799,090	-	-
Public works	671,399	-	-
Culture and recreation	380,295	-	3,520
Community and economic development	231,934	-	-
General government	140,723	-	-
Debt Service	239,680	-	-
Capital projects	2,333,187	-	-
Business type activities	-	7,113,828	-
Total disbursements	<u>4,796,308</u>	<u>7,113,828</u>	<u>3,520</u>
Excess (deficiency) of receipts over (under) disbursements	(2,109,332)	(706,136)	6,423
Other financing sources, net	<u>551,382</u>	<u>949,321</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,557,950)	243,185	6,423
<u>BALANCES - Beginning of year</u>	<u>3,497,562</u>	<u>3,928,105</u>	<u>202,256</u>
<u>BALANCES - End of year</u>	\$ <u>1,939,612</u>	\$ <u>4,171,290</u>	\$ <u>208,679</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 838,158	\$ 845,825	\$ 845,908	\$ (7,750)
477,372	370,000	453,000	24,372
308,554	247,113	564,730	(256,176)
38,992	37,825	39,025	(33)
22,153	11,495	10,795	11,358
1,109,274	569,237	2,376,087	(1,266,813)
6,100,713	5,922,115	8,157,275	(2,056,562)
189,509	85,680	684,170	(494,661)
<u>9,084,725</u>	<u>8,089,290</u>	<u>13,130,990</u>	<u>(4,046,265)</u>
799,090	825,831	819,081	19,991
671,399	612,080	695,180	23,781
376,775	450,490	469,116	92,341
231,934	124,500	233,450	1,516
140,723	156,890	154,890	14,167
239,680	253,135	253,135	13,455
2,333,187	3,050,000	2,342,355	9,168
7,113,828	5,691,618	9,992,258	2,878,430
<u>11,906,616</u>	<u>11,164,544</u>	<u>14,959,465</u>	<u>3,052,849</u>
(2,821,891)	(3,075,254)	(1,828,475)	(993,416)
<u>1,500,703</u>	<u>2,560,000</u>	<u>-</u>	<u>1,500,703</u>
(1,321,188)	(515,254)	(1,828,475)	507,287
<u>7,223,411</u>	<u>4,842,709</u>	<u>7,742,431</u>	<u>(519,020)</u>
\$ <u>5,902,223</u>	\$ <u>4,327,455</u>	\$ <u>5,913,956</u>	\$ <u>(11,733)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the for blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$3,794,921. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FISCAL YEAR\*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
City's proportion of the net pension liability	0.0115397 %
City's proportionate share of the net pension liability	\$ 457,652
City's covered-employee payroll	\$ 1,128,523
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.55 %
Plan fiduciary net position as a percentage of the total pension liability	87.61 %

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CITY CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 2 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 110,861	\$ 103,998
Contributions in relation to the statutorily required contribution	<u>110,861</u>	<u>103,998</u>
Contribution deficiency (excess)	\$ <u>          </u>	\$ <u>          </u>
City's covered-employee payroll	\$ 1,202,353	\$ 1,128,523
Contributions as a percentage of covered-employee payroll	9.22 %	9.22 %

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the County will present information for those years for which information is available.

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2015

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.



## SUPPLEMENTARY INFORMATION

## CITY OF BLOOMFIELD, IOWA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

## Special Revenue

	Local Option Sales Tax	Road Use Tax	Chevron Tax Increment Financing	Local Housing Assistance Program	FD Grant	Hotel/ Motel Tax	Parks & Recreation	Debt Service
<b>RECEIPTS:</b>								
Other City tax	\$ 257,164	\$ -	\$ -	\$ -	\$ -	\$ 51,390	\$ -	\$ -
Use of money and property	-	-	-	-	-	-	-	-
Intergovernmental	-	274,514	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	70	-
Total receipts	257,164	274,514	-	-	-	51,390	70	-
<b>DISBURSEMENTS:</b>								
Operating:								
Public works	-	227,470	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	35	-
Community and economic development	-	-	-	-	-	12,350	-	-
Debt service	-	-	-	-	-	-	-	239,680
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	-	227,470	-	-	-	12,350	35	239,680
Excess (deficiency) of receipts over (under) disbursements	257,164	47,044	-	-	-	39,040	35	(239,680)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	253,135
Transfers out	(205,000)	(48,135)	-	-	-	(20,900)	-	-
Total other financing sources (uses)	(205,000)	(48,135)	-	-	-	(20,900)	-	253,135
Change in cash balances	52,164	(1,091)	-	-	-	18,140	35	13,455
<b>CASH BALANCES - Beginning of year</b>	<b>72,897</b>	<b>41,787</b>	<b>244</b>	<b>1,148</b>	<b>5</b>	<b>60,748</b>	<b>2,055</b>	<b>-</b>
<b>CASH BALANCES - End of year</b>	<b>\$ 125,061</b>	<b>\$ 40,696</b>	<b>\$ 244</b>	<b>\$ 1,148</b>	<b>\$ 5</b>	<b>\$ 78,888</b>	<b>\$ 2,090</b>	<b>\$ 13,455</b>
<b>Cash Basis Fund Balances</b>								
Nonspendable - Cemetery perpetual care	-	-	-	-	-	-	-	-
Restricted for:								
Debt service	-	-	-	-	-	-	-	13,455
Urban renewal	-	-	244	-	-	-	-	-
Streets	-	40,688	-	-	-	-	-	-
Other purposes	125,061	-	-	1,148	5	78,888	2,090	-
	\$ 125,061	\$ 40,696	\$ 244	\$ 1,148	\$ 5	\$ 78,888	\$ 2,090	\$ 13,455

Capital Projects							Permanent		
Spec Building	Mainstreet	Sidewalk/ Streetscape	Park Improvements	Airport 2014	Lake Project	Airport Runway Project	IOOF Cemetery Perpetual Care	Library Bequest	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
				271,243		16,714	813	25	308,554
									838
							2,240	-	562,471
				271,243		16,714	3,053	25	2,310
									874,173
							8,125		227,470
									8,160
15,440	3,234	-							31,024
		217,355		281,622					239,680
15,440	3,234	217,355		281,622			8,125		498,977
									1,005,311
(15,440)	(3,234)	(217,355)	-	(10,379)	-	16,714	(5,072)	25	(131,138)
15,450		217,335		29,000					514,920
									(274,035)
15,450		217,335		29,000					240,885
10	(3,234)	(20)		18,621	-	16,714	(5,072)	25	109,747
2	9,574	25	852	814	116	148	130,129	5,535	326,079
\$ 12	\$ 6,340	\$ 5	\$ 852	\$ 19,435	\$ 116	\$ 16,862	\$ 125,057	\$ 5,560	\$ 435,826
\$	\$	\$	\$	\$	\$	\$	\$ 125,057	\$	\$ 125,057
									13,455
		5				16,862			244
12	6,340		852	19,435	116			5,560	57,563
									239,507
\$ 12	\$ 6,340	\$ 5	\$ 852	\$ 19,435	\$ 116	\$ 16,862	\$ 125,057	\$ 5,560	\$ 435,826

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2015

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
Urban Renewal Tax Increment Notes: I-Jobs	April 28, 2011	6.00%	\$ 534,023
General Obligation Capital Loan Notes: Series 2014A	June 15, 2014	0.50 - 2.40%	2,345,000
Water Revenue Capital Loan Notes: Taxable 2015A	April 2, 2015	2.75%	<u>1,500,000</u>
			\$ <u>4,379,023</u>

SCHEDULE 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed/ Cancelled During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 369,914	\$ -	\$ 82,090	\$ 287,824	\$ 21,903	\$ -
2,345,000	-	205,000	2,140,000	34,180	-
-	<u>1,500,000</u>	<u>3,449</u>	<u>1,496,551</u>	<u>6,871</u>	<u>-</u>
\$ <u>2,714,914</u>	\$ <u>1,500,000</u>	\$ <u>290,539</u>	\$ <u>3,924,375</u>	\$ <u>62,954</u>	\$ <u>-</u>

## CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
YEAR ENDED JUNE 30, 2015

Year Ending June 30,	Urban Renewal Tax Increment Financing Revenue Notes Issued Apr 28, 2011	
	Interest Rates	Amount
2016	6.00%	\$ 287,824
Total		\$ 287,824

Year Ending June 30,	General Obligation Capital Loan Notes Series 2014 A Issued June 15, 2014	
	Interest Rates	Principal
2016	0.50%	\$ 205,000
2017	0.80%	205,000
2018	1.10%	205,000
2019	1.35%	205,000
2020	1.60%	210,000
2021	1.80%	215,000
2022	2.00%	220,000
2023	2.15%	220,000
2024	2.30%	225,000
2025	2.40%	230,000
2026		-
2027		-
2028		-
2029		-
2030		-
2031		-
2032		-
2033		-
2034		-
2035		-
2036		-
2037		-
2038		-
2039		-
2040		-
2041		-
2042		-
2043		-
2044		-
2045		-
2046		-
2047		-
2048		-
2049		-
2050		-
2051		-
2052		-
2053		-
2054		-
2055		-
Total		\$ 2,140,000

	Water Revenue Capital Loan Notes Issued April 2015	
	Interest Rates	Principal
	2.75%	\$ 21,029
	2.75%	21,614
	2.75%	22,216
	2.75%	22,835
	2.75%	23,471
	2.75%	24,124
	2.75%	24,796
	2.75%	25,487
	2.75%	26,197
	2.75%	26,926
	2.75%	27,676
	2.75%	28,447
	2.75%	29,239
	2.75%	30,053
	2.75%	30,891
	2.75%	31,751
	2.75%	32,635
	2.75%	33,544
	2.75%	34,478
	2.75%	35,437
	2.75%	36,425
	2.75%	37,439
	2.75%	38,482
	2.75%	39,554
	2.75%	40,655
	2.75%	41,787
	2.75%	42,951
	2.75%	44,147
	2.75%	45,377
	2.75%	46,641
	2.75%	47,939
	2.75%	49,275
	2.75%	50,647
	2.75%	52,057
	2.75%	53,507
	2.75%	54,997
	2.75%	56,529
	2.75%	58,103
	2.75%	59,721
	2.75%	47,472
		\$ 1,496,551

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>RECEIPTS:</u>				
Property tax	\$ 838,158	\$ 845,602	\$ 814,929	\$ 766,138
Tax increment financing	477,372	389,312	358,255	349,999
Other City tax	308,554	274,763	261,866	233,036
Licenses and permits	38,992	39,183	38,590	38,011
Use of money and property	10,893	17,592	10,503	11,859
Intergovernmental	607,913	944,948	1,568,953	917,290
Charges for service	291,699	309,400	293,741	278,377
Miscellaneous	113,395	87,693	44,551	121,068
Total	\$ <u>2,686,976</u>	\$ <u>2,908,493</u>	\$ <u>3,391,388</u>	\$ <u>2,715,778</u>
<u>DISBURSEMENTS:</u>				
Operating:				
Public safety	\$ 799,090	\$ 1,047,316	\$ 740,675	\$ 705,974
Public works	671,399	645,132	617,026	867,334
Culture and recreation	380,295	384,864	358,343	360,449
Community and economic development	231,934	294,830	127,412	117,653
General government	140,723	141,254	142,302	146,189
Debt Service	239,680	-	-	-
Capital projects	2,333,187	920,982	1,549,160	459,915
Total	\$ <u>4,796,308</u>	\$ <u>3,434,378</u>	\$ <u>3,534,918</u>	\$ <u>2,657,514</u>

SCHEDULE 4

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 742,459	\$ 687,520	\$ 670,808	\$ 648,956	\$ 648,869	\$ 677,166
331,049	341,642	337,333	229,279	195,389	48,809
226,184	264,442	260,230	222,356	214,790	207,427
29,456	38,537	39,893	6,383	34,314	37,308
20,014	16,337	34,472	86,602	75,362	63,639
764,773	597,863	322,455	704,311	344,541	453,287
277,143	296,742	299,455	250,983	248,742	261,650
176,536	87,598	186,714	149,039	188,282	63,940
\$ <u>2,567,614</u>	\$ <u>2,330,681</u>	\$ <u>2,151,360</u>	\$ <u>2,297,909</u>	\$ <u>1,950,289</u>	\$ <u>1,813,226</u>
\$ 700,429	\$ 911,793	\$ 813,615	\$ 712,514	\$ 566,472	\$ 571,870
686,137	601,284	669,967	747,352	924,508	477,861
399,727	367,633	413,019	290,368	262,538	307,765
207,620	137,729	282,121	202,406	206,898	95,360
117,912	134,076	126,002	106,464	112,061	104,437
-	-	-	-	-	-
1,301,895	2,028,762	901,765	117,499	27,720	2,356,824
\$ <u>3,413,720</u>	\$ <u>4,181,277</u>	\$ <u>3,206,489</u>	\$ <u>2,176,603</u>	\$ <u>2,100,197</u>	\$ <u>3,914,117</u>



## CITY OF BLOOMFIELD, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
<u>Direct:</u>			
U.S. Department of Agriculture:			
Water and Waste Disposal Systems for Rural Communities	10.760	-	\$ 1,500,000
Emergency Community Water Assistance Grants	10.763	-	500,000
U.S. Department of Transportation:			
Airport Improvement Program	20.106	-	<u>280,442</u>
Total Expenditures of Direct Federal Awards			<u>2,280,442</u>
<u>Indirect:</u>			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
State and Community Highway Safety	20.600	-	4,459
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	-	<u>59,011</u>
Total Expenditures of Indirect Federal Awards			<u>63,470</u>
Total Expenditures of Federal Awards			\$ <u>2,343,912</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bloomfield, Iowa and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



ANDERSON, LARKIN & CO. P.C.  
Certified Public Accountants  
*"Achieving your goals with our knowledge."*

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Bradley T. Barnes, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council  
City of Bloomfield, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the City of Bloomfield, Iowa's basic financial statements, and have issued our report thereon dated January 11, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bloomfield, Iowa's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-15, II-C-15 and II-D-15 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on test and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### The City of Bloomfield, Iowa's Response to Findings

The City of Bloomfield, Iowa's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Bloomfield, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

*Anderson, Larkin & Co. P.C.*

Ottumwa, Iowa  
January 11, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and Members  
of the City Council  
The City of Bloomfield, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of Bloomfield, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Bloomfield, Iowa's major federal programs for the year ended June 30, 2015. The City of Bloomfield, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bloomfield, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bloomfield, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bloomfield, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bloomfield, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

## Report on Internal Control over Compliance

Management of the City of Bloomfield, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bloomfield, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceeding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

*A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.*

The City of Bloomfield, Iowa's response to the internal control over compliance finding identified in our audit is reported in the accompanying Schedule of Findings and Questioned Costs. The City of Bloomfield, Iowa's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ANDERSON, LARKIN & CO. P.C.

*Anderson, Larkin & Co. P.C.*

Ottumwa, Iowa  
January 11, 2016

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- e) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- f) The major programs were CFDA Number 10.760 – Water and Waste Disposal Systems for Rural Communities  
10.763 – Emergency Community Water Assistance Grants
- g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- h) City of Bloomfield, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

- II-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances, utilizing currently available staff, including elected officials.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-15 Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies.

Response – We will consider this.

Conclusion – Response accepted.

- II-C-15 Credit Cards – The City does not currently have a written credit card policy.

Recommendation – The City should adopt a written policy that governs the use of credit cards.

Response – We will look into adopting a policy.

Conclusion – Response accepted.

Instances of Noncompliance:

No matters were noted.

CITY OF BLOOMFIELD, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements (Continued)

Internal Control Deficiencies: (Continued)

- II-D-15 Petty Cash Replenishment – During our testing of expenditures, a receipt that had been paid with petty cash in the Police department could not be located.

Recommendation – The Police department should obtain receipts for all petty cash expenditures.

Response – We will do so from now on.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

Instances of Noncompliance:

No matters were noted.

Internal Control Deficiencies:

CFCA Numbers 10.760 Water and Waste Disposal Systems for Rural Communities  
10.763 Emergency Community Water Assistance Grants  
U.S. Department of Agriculture

- III-A-15 Segregation on Duties over Federal Receipts and Disbursement – The City did not properly segregate collection, deposit, disbursement and record-keeping for receipts and disbursements, including those related to federal programs. See item 11-A-15.

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

- IV-B-15 Questionable Disbursements – A disbursement was noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979. The fire chief outfitted his personal vehicle with lighting for when he responds to a fire. The Council did not approve this expenditure.

Recommendation – This expenditure does not appear to meet the public purpose requirement and reimbursement should be requested from the fire chief.

Response – The City attorney has written a letter requesting reimbursement, but to date no reimbursement has been received.

Conclusion – Response accepted.

- IV-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- IV-D-15 Business Transactions – No business transactions between the City and City officials or employees were noted.

- IV-E-15 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- IV-F-15 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, in accordance with the Code of Iowa, minutes are required to be published within 15 days of the Council meeting. The minutes for the meetings held August 13, 2014 and March 24, 2015, were not published within 15 days of the Council meeting.

Recommendation – The Council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting

IV-G-15 Deposits and Investments – An instance of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy was noted. The City does not have public funds custodial agreements with all of the financial institutions the City does business with as required by Chapter 128.10C of the Code of Iowa.

Recommendation – The City should obtain public funds custodial agreements for all of the City's depositories.

Response – We will do so.

Conclusion – Response accepted.

IV-H-15 Revenue Bonds and Notes – No instances of non-compliance with revenue bond and note resolutions were noted.

IV-I-15 Financial Condition – The Drug Awareness Resistance Education fund had a deficit balance at June 30, 2015.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return the fund to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficit will be eliminated with future receipts.

Conclusion – Response acknowledged.

IV-J-15 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.